

Leads Bipartisan Letter to Administration

□

WASHINGTON, DC – Today Congressman Peter DeFazio (D-OR) sent a bipartisan letter to President Obama urging him to stand up for the American forestry industry and workers when negotiating the Trans Pacific Partnership (TPP) Trade Agreement.

DeFazio's letter asks the Obama administration to use the TPP negotiations to correct an egregious provision of the North American Free Trade Agreement (NAFTA), known as Chapter 19, which undermines U.S. trade law and costs Oregon's forestry industry jobs. As co-chair of the House Lumber Trade Caucus, DeFazio gathered 23 bipartisan signatures on the letter.

"Entrusting the interpretation of U.S. trade law to foreign trade panels is reckless, and probably unconstitutional," said DeFazio. "At the very minimum, President Obama and the USTR should use the TPP negotiation process to tell Canada and Mexico: 'If you want to join, you have to play by the same rules as everyone else.' This is a huge opportunity for the Obama administration to stand up for American businesses and American workers."

NAFTA prevents United States courts from enforcing our own trade laws to punish Canada and Mexico for unfair trade practices. Trade disputes are instead heard by an international panel stacked with arbitrators appointed by Canada and Mexico. These foreign trade panels frequently rule to protect unfair Canadian and Mexican trade practices that harm American industry and workers.

For instance, Canada has flooded American markets with government subsidized timber causing mill closures and the loss of thousands of American jobs in the Pacific Northwest. The United States Department of Commerce filed a trade complaint, which was rejected by the trade panel. Under existing law, the U.S. cannot appeal the decision. DeFazio wants to strengthen the U.S. role in these trade disputes.

Steve Swanson, President of the Swanson Group and Chairman of the Coalition for Fair Lumber Imports applauded the bipartisan letter.

"It makes no sense to give Canadians on these NAFTA panels the power to overrule our own government on how to administer U.S. trade law against Canadian unfair trade practices. Giving Canadian such unconstitutional powers over our government and trade laws has severely harmed U.S. forestry companies, its workers, and their communities. I applaud Rep. DeFazio and the House Lumber Trade Caucus co-chairs for their initiative to addressing this issue," said Swanson.

DeFazio has voted against every trade agreement and was one of the most vocal opponents of NAFTA in Congress.

The letter to the Obama Administration is below:

August 2, 2012

The Honorable Barack Obama

President of the United States

1600 Pennsylvania Ave.

Washington, DC 20500

Dear Mr. President:

Rules-based trade and U.S. trade laws are vitally important components to our nation's forestry jobs. It is imperative that trade agreements not undermine the effectiveness of our trade laws. Upholding this principle in the Trans-Pacific Partnership (TPP) negotiations could mean the difference between a healthy U.S. forestry industry, and one falling victim to unfairly traded imports. Although we may have differences of opinion on the overall Trans-Pacific Partnership trade agreement, we can all agree that we must have the strongest agreement possible for our domestic industries.

A final Trans-Pacific Partnership (TPP) trade agreement must eliminate inequities currently present in the application of U.S. trade laws against foreign unfair trade practices. Specifically, the final text of the TPP must include language making all signing parties subject to full judicial review with respect to the application of domestic trade laws.

Existing U.S. free trade agreements uniformly provide for the continued application of national antidumping and countervailing duty laws to imports from partner countries. However, the U.S.-Canada Free Trade Agreement, and subsequently NAFTA, provide for international dispute settlement panels to substitute for domestic judicial review of antidumping and countervailing duty determinations by national investigating authorities.

NAFTA's "Chapter 19" panel system has undermined the full effectiveness of our trade laws when it comes to unfair Canadian trade practices and cross-border trade matters. Instead of allowing U.S. Courts to determine whether the U.S. government has properly applied U.S. trade laws, NAFTA Chapter 19 transfers that authority to private non-U.S. citizens – who interpret U.S. law and make binding decisions upon U.S. federal agencies.

The NAFTA dispute settlement system completely turns on its head the fundamental principle of U.S. jurisprudence that all parties are entitled to full judicial review by an independent and competent judiciary. Under Chapter 19, foreign individuals can dictate how U.S. laws are enforced without any review by the U.S. judiciary. This entrustment of the interpretation of our laws to NAFTA panels has severely injured U.S. forestry industries and workers that depend on these laws to fight unfair trade practices. We must not repeat this mistake under TPP.

The TPP negotiations provide an excellent opportunity to bring U.S. trade law as it pertains to Canada (and Mexico) into harmony with that for other TPP members. The TPP must specifically preserve the sovereign right of all member countries to use their trade laws with respect to unfairly traded imports from other TPP countries. Given Canada's track record of

providing massive subsidies to its forestry industry and unfair lumber trade practices, a TPP agreement that includes Canada must provide for normal domestic judicial review of trade law actions with respect to all TPP members.

Ensuring that all signing parties to the Trans-Pacific Partnership are subject to the same application of domestic trade laws and full judicial review would ensure that our trade laws are fully enforced. Resolving this issue is of utmost importance to our domestic forestry industries, and will help preserve good American jobs in our rural communities that can least afford the loss of these jobs.

Sincerely,

Peter DeFazio

Member of Congress

Cathy McMorris Rodgers

Member of Congress

Mike Michaud

Member of Congress

Walter Jones

Member of Congress

John Conyers

Member of Congress

Greg Walden

Member of Congress

Chellie Pingree

Member of Congress

Alan Nunnelee

Member of Congress

Mike Ross

Member of Congress

Steve Southerland II

Member of Congress

Rick Larsen

Member of Congress

Jo Bonner

Member of Congress

Marcy Kaptur

Member of Congress

Denny Rehberg

Member of Congress

Kurt Schrader

Member of Congress

Jaime Herrera Beutler

Member of Congress

Tammy Baldwin

Member of Congress

Jeff Denham

Member of Congress

Suzanne Bonamici

Member of Congress

Michael Simpson

Member of Congress

Austin Scott

Member of Congress

Joe Wilson

Member of Congress

Daniel Lungren

Member of Congress

- 30 -